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USAID's Agribusiness Project Quarterly Report

1st January to 31st March 2012

Compiled By

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Agribusiness Support Fund

PROJECT SUMMARY

1st January to 31st March 2012

Implementing Partner: Agribusiness Support Fund
Project Name: USAID's Agribusiness Project (UAP)
Intermediate Result: <p style="text-align: center;">Increased Income Generating Opportunities</p> Sub-Intermediate Result: <p style="text-align: center;">Competitiveness of Horticulture and Livestock Value Chains Increased</p>
Project Objective: <ul style="list-style-type: none"> ▪ To strengthen the capacity in horticulture and livestock value chains to increase sales to domestic and foreign markets; ▪ To strengthen the capacity of smallholders and farmer enterprises to operate autonomously and effectively; and ▪ To increase agriculture efficiency and productivity through adoption of new farming techniques and technological innovation among targeted beneficiaries.
Cooperative Agreement No.: Cooperative Agreement No. AID-391-A-12-00001
Life of Activity (start and end dates): November 10, 2011 – November 09, 2016
Total Estimated Agreement Amount: \$ 89,412,942
Obligations to date: \$10,300,000
Accrued Expenditures this Quarter: \$ 782,664
Activity Cumulative Accrued Expenditures to Date: \$ 912,706
Estimated Expenditures Next Quarter: \$ 2,000,000
Report Submitted by: <u>Fida Muhammad</u> Director, Monitoring, Evaluation and Communication
Report Reviewed By: <u>Shad Muhammad</u> Chief of Party
Submission Date: <u>30th April 2012</u>

1 INTRODUCTION

1.1 Overview of the Project

The USAID's Agribusiness Project (Cooperative Agreement No. AID-391-A-12-00001) was commissioned by USAID on 10th November, 2011 for a period of 5 years and is being implemented by Agribusiness Support Fund (ASF). The target sub-sectors for the Project are horticulture and livestock (including dairy and fisheries).

The Project was designed to address the priority problems and constraints impeding the development of agriculture sector in Pakistan. Interventions under the project will focus on improving and strengthening off-farm and on-farm activities by enhancing competitiveness of enterprises to explore and exploit their potential in both domestic and international markets. Keeping in view the diversity and spread of agriculture production in Pakistan, and with a view to ensure effective implementation, a sub-sector cluster approach is being adopted by the Project, whereby areas with the greatest potential for value addition, employment creation and outreach will be prioritized and targeted. While the project has geographical coverage of the entire country, a purposeful attempt is being made to target the underserved areas within Khyber Pakhtunkhwa, Baluchistan, FATA, Southern Punjab and Northern Sindh.

The project will serve as a catalyst to mobilize the private sector's investment in agribusinesses and related enterprises as a means for NGOs/RSPs, BDSPs and other community organizations (FEGs/KFS) to provide agribusiness support services in their communities with the ultimate objective to strengthen private sector value chains to become commercially viable and sustainable. Implementation of activities will be carried out in collaboration with international and local partner organizations with relevant experience in marketing / enterprise development, value chains and rural development related activities. The target value chains and underlying market systems will be facilitated to evolve so that market operators in the private sector assume the primary role for value chain functions on a sustainable basis.

1.2 Overall Goal

The overall goal of the USAID's Agribusiness Project is to support improved conditions for broad-based economic growth, create employment opportunities and contribute to poverty alleviation through increase in competitiveness of horticulture and livestock value chains in partnership with all stakeholders.

1.3 Specific Objectives

Specific objectives of the project are to;

- strengthen the capacity in horticulture and livestock value chains to increase sales to domestic and foreign markets;
- strengthen the capacity of smallholders and farmer enterprises to operate autonomously and effectively; and,
- increase agriculture efficiency and productivity through adoption of new farming techniques and technological innovation among targeted beneficiaries.

1.4 Project Components

The Project activities are organized under two components (having several sub-components). The two program components are; (i) technical assistance (TA) for capacity building and program support; and, (ii) partnership window cost-sharing grants.

Under component-1, The Project will offer on-going technical and capacity building assistance to upgrade and strengthen the priority value chains in horticulture and livestock sub-sectors and will serve as a basis to facilitate interventions under the cost-sharing partnership window. Component-1 encompasses four sub-components including; (1) International Technical Assistance & Program Delivery Support, (2) International Market Linkages Development, (3) Kissan Field (Schools) (KFS), and (4) Capacity Building, Training & Awareness.

Component-2 of the Project involves launching of a national cost-sharing grants program, offering a wide range of customized grant products to all players within the selected priority value chains. These cost-sharing grants will be provided to and implemented, in partnership, with key stakeholders following a grant appraisal and approval procedure. Within the priority value chains, support will be provided to agribusinesses (including processors, exporters, marketers, value adding and other related SMEs), farmers and farmer enterprise groups for better integration into domestic and export market chains. Grants will also be provided to farmers' associations, processors and exporters, transporters, service providers, universities and research institutes, Non-Governmental Organizations, Rural Support Programs (RSPs) and other key players in order to address weakness and market failures with the ultimate objective to strengthen private sector and market systems.

1.5 Quarterly Report-1

This quarterly report is submitted as required under the cooperative agreement and covers the period from 1st January to 31st March 2012. The report covers briefly the actual accomplishments and its comparison to the planned targets and its relations to the goals and objectives of the project. Data is presented using indicators given in the project logical framework supported by brief summary narrations. As this report pertains to the early stages of the project's, it broadly reports on the output of projects in both quantitative and qualitative forms. The report also lists issues and constraints that have affected the performance and reasons for delays encountered, and as to how activities were accordingly adjusted or rescheduled. It also provides a summary of the financial expenditures during the quarter.

This report is based on the activities and outputs planned in the approved yearly work plan for 2011-2012 during which focus is in preparatory activities to achieve the overall targets of the project. In the subsequent years focus will be shifted from activities and output reporting to outcome reporting.

2 PROGRESS DURING THE QUARTER

2.1 Progress Summary

Major activities undertaken during the reporting period included mobilization of human resources for the start-up phase, recruitment of staff, establishing/renting office premises, mobilization of staff of CNFA, development of a plan for conducting Environmental assessment, participatory appraisals, baseline studies, and identification of priorities within the horticulture and livestock sub-sectors in Pakistan.

During the quarter, focus was on preparatory activities to launch activities in the field, staff orientation and stakeholder's consultations.

2.2 Brief Narrative on the Progress

2.2.1 Staffing and Establishment

ASF continued staff recruitment based on the requirement of the project after advertising various positions to select best candidates from the market. A total of 131 staff positions were filled out by the end of the quarter which included 110 male and 21 female incumbents in total since the inception of the project. In the quarter under reporting, 47 persons were recruited of which 10 were female candidates. Details of the staffing of project is given in Table 1.

Table 1: Status of Staffing as on 31st March 2012

Progress By Location	Achievements During Previous Quarter		Achievements During the Quarter		Cumulative Total As on 31 st March 2012
	As on December 31, 2011		January 1 – March 31, 2012		
	Male	Female	Male	Female	
Project Office-Islamabad	4	2	6	2	14
ASF Head Office	19	1	7	3	30
Regional Office-Lahore	1	-	1		2
Regional Office-Peshawar	13	1	4	1	19
Regional Office-DI Khan	10	-	9		19
Regional Office-Gilgit	9	3	2	2	16
Regional Office-Sukkur	5	1	1		7
Regional Office-Karachi	9	3	2	1	15
Regional Office-Multan	3	-	3		6
Regional Office-Faisalabad	-	-	2	1	3
Regional Office-Quetta	-	-			
Total	73	11	37	10	131

The project has a target of establishing a project office and regional office in 9 areas of the country. As on March 31, 2012 premises for the project office in Lahore and regional offices in Faisalabad, Gilgit-Baltistan, Karachi, Sukkur and DI Khan were acquired on rent. Table 2 contains detail of office establishment;

Table 2: Status of Establishing Project Offices

Progress By Location	Targets No.	Achievements During Previous Quarter	Achievements During the Quarter	Cumulative Total
		As on December 31, 2011	January 1- March 31, 2012	As on March 31, 2012
Project /ASF Head Office	2	1	1	2
Regional Offices	9	2	6	8

2.2.2 Mobilization of International Sub-contractor

Under the technical proposal ASF proposed a sub-agreement with CNFA for the provision of technical assistance in program implementation. Contract for international sub-contractor (CNFA) was approved and subsequently signed. CNFA has come onboard and have mobilized a local TA coordinator and has already initiated work as per the requirement of the sub-agreement.

2.2.3 Work Planning and Progress Review

Work planning and progress review was initiated on a regular basis together with the AOR of the project which provided opportunity to project staff for practical orientation and better orientation of the project in line with priorities of USAID and varying priorities within the regions. Field visits were also planned and conducted coupled with the biweekly planning and progress review meetings. These meetings and field visits were conducted in Sukkur, Peshawar, and Islamabad regions.

Under the direction of the AOR, several concept notes have been prepared based on the priorities within each region and are currently being adapted into grant proposals which will be sent for USAID approval.

2.2.4 Orientation and Training of Staff

Formal orientation sessions were held for the staff on the project scope, strategies and plans. Separate orientation trainings were held on M&E/Communication and grants/procurement for relevant staff. In addition, project staff members were nominated for training programs outside the project. These included the following training;

- Training on monitoring and evaluation for Senior Managers organized by LUMS at Lahore (February 19-21, 2012): 4 staff member participated;
- Training on J1-Visa Compliance ADS-252/253 organized at Islamabad by USAID (February 27-28, 2012): 1 staff member participated;
- Training on Procurement Management, organized by LUMS at Lahore (March 12-14, 2012): 3 staff members participated; and,
- Training on GIS organized by SPADE Foundation organized at Islamabad (March 28-30, 2012): 3 staff member participated.

2.2.5 Scoping and Consultations

Scoping assessments and consultation for pilot activities with stakeholders were carried out by project regions to develop concept proposals for pilot interventions in various regions of the project. These proposals are being developed of which formation of women FEGs in ICT will be initiated on a pilot basis which will result in the establishment of 4 Farmer Enterprise Groups (FEGs); 1 male and 3 female, and create opportunities of income and job for 43 men and women in the vicinity of Islamabad capital territory (ICT).

2.2.6 Programmatic Environmental Assessment

The project activities are contingent upon a programmatic environmental assessment (EA), for which technical assistance will be provided by CNFA. An initial environmental examination (IEE) has already been done followed by PERSUAP. The scope of work for the technical assistance (TA) team was developed and revised in consultations with USAID. The EA will be initiated after approval of the SoW and will be substantially completed in the next quarter.

2.2.7 Branding, Marking and Communication

The USAID Agribusiness Project (UAP) successfully participated in both events of the DAWN Agri-Expo 2012 under USAID's pavilion provided by the Department of Outreach Communication, held at Karachi and Lahore respectively. A well-designed setup, keeping in view the communications and branding strategy of the project, was developed for the event. UAP facilitated growers and farmers, to participate and share their success stories at the event. A large number of visitors took interest in the UAP activities and received information and clarifications. H.E Mr. Cameron Munter, the Ambassador of the USA to Pakistan visited USAID's Agribusiness

Project's exhibit. UAP staff also contributed to the conference by making presentations in the side conferences of both the expos.

2.2.8 Development of Specifications for the Integrated Management Software

The project will automate its grants, M&E, HR, Administration and Finance department by developing and installing integrated management software. Specifications for the software were developed and expressions of interest (EoI) were called for pre-qualification of vendors for the provision of services for software development, installation and capacity building.

2.2.9 Performance Monitoring Plan

The project performance monitoring plan was developed and shared with USAID for review and approval. The PMP was revised in light of the comments received from USAID and was subsequently approved. The PMP now forms the basis for the monitoring and evaluation of the project.

2.2.10 Participatory Appraisal and Baseline Studies

Concept proposal and framework was prepared for the rapid participatory horticultural/livestock appraisals and baseline studies. Field work will be initiated as well as the studies will be completed during the next quarter. The appraisal will assist in determining priorities within the project regions/clusters, while the baseline studies will benchmark indicators.

3 PERFORMANCE DURING THE QUARTER

Currently the project is undertaking activities which are preparatory in nature and therefore the present report will focus on giving status update on outputs. As the project implementation undergoes progress, performance as measured against the indicators will be reported.

Intermediate Result 1:	Increased income generating opportunities
Performance Indicator 1.1:	Number of full-time equivalent jobs created as a result of project assistance
Performance Indicator 1.2:	Percent increase in the incomes of project assisted beneficiaries

Status:	1.1 As of March 31 st , 2011, 130 person years of jobs was created directly as a result of the Project recruitment in various regions.
	1.2 As of March 31 st , 2011, no assessment has been done to measure increase in income as a result of the project interventions.

Scope: The UAP is expected to generate direct and indirect full-time equivalent employment of 1.3 million through its various interventions. The centres of job-creation would be the agribusiness enterprises, including farmer enterprise groups, kisan field schools, processing and marketing enterprises which will have a triggering affect on job creation in allied industries and service providers. The project will strive to create impact on gender and marginalised communities as well. Job creation will address poverty—through the creation of employment, and the development of market-oriented enterprises and help to reduce the vulnerability of small holders in the domestic and international markets—especially for women. In the first two years, job creation will be relatively slower, thereafter picking momentum since the easy phase will consist primarily of planning, preparation and initiation. Nevertheless job creation will remain the overriding focus of all interventions.

Increase in income is the second indicator which will be impacted under the project. The project is expected to raise income of agribusiness enterprises and individuals engaged directly and indirectly in project related activities. A baseline will be established through a study to be undertaken in the next two quarters. Increase in the income will be measured compared to the baseline situation which will be established in the next quarter.

Update: Significant progress was made on preparatory steps required before the interventions which will generate employment and increase in incomes. This included the development of concept proposals for assistance to be provided under the project. The preparatory steps include development of concept proposals for various priorities in target regions and scope of work for farmer enterprise group formation and kisan field school.

Intermediate Result 1.1:	Strengthened Market Linkages in Select Value Chains
Performance Indicator 1.1.1:	Percent increase in sales by project assisted beneficiaries
Performance Indicator 1.1.2:	Number of new contract issues between buyers and sellers

Status:

1.1.1 As of December 31st, 2011, preparatory steps were made to plan for the achievement against this indicator.

1.1.2 As of December 31st, 2011, preparatory steps were made to plan for the achievement against this indicator.

Scope: The project will assist in strengthening capacity within the value chains in horticulture and livestock sub-sectors to increase sales to domestic and foreign markets. During the first year, the focus will be on developing criteria for prioritization/selection of priorities within the selected value chains to be eligible for technical assistance and capacity building support. Specific support will be in acquiring export, quality assurance and food-safety compliance certifications; participation in international exhibitions, trade shows, exposure visits etc.; organization of stakeholders participatory platforms. An international firm will be engaged to structure and implement a comprehensive market linkages program to link selected project beneficiary enterprises with international markets chains, including buyers targeting high end markets inside the country.

Update. Preparatory steps were initiated including review of secondary information and formation of value chain platforms and collaborative arrangement with international certification bodies. A training course was planned i.e. "Train-the-Public Trainer Program" on GlobalGAP which was carried out in collaboration with FoodPlus, Germany. Value chain platform was established in the form of National Technical Working Group (NTWG)-subfocus fruit and vegetables on GlobalGAP (First meeting of members held on March 12, 2012). GlobalGAP NTWG (Livestock) and GlobalGAP NTWG (Aquaculture) have also been approved by GlobalGAP. In addition consultative dialogue was held at the "National Agribusiness Forum" which will be strengthened as a national platform for the agribusiness stakeholders at the national level.

Intermediate Result 1.2:	Strengthened Capacity of Small-holders and farmer enterprises
Performance Indicator 1.2.1:	Percent assisted associations get registered and 50% of these negotiate contracts
Performance Indicator 1.2.2:	Percent of women producers' groups negotiate marketing contract with commercial buyers
Performance Indicator 1.2.3:	Percent of small-holders benefit from new agreements with buyers

Status:

1.2.1 As of December 31st, 2011, preparatory steps were made to plan for the achievement against this indicator.

1.2.2 As of December 31st, 2011, preparatory steps were made to plan for the achievement against this indicator.

1.2.3 As of December 31st, 2011, preparatory steps were made to plan for the achievement against this indicator.

Scope: Through the project interventions, capacity of smallholders and farmer enterprises will be strengthened to operate in a commercially viable manner and effectively undertake value addition, processing and marketing. First year's strategy towards achievement of this objective will involve organization of technical and managerial training program in partnership with universities and training institutes; organization of Kisan Field Schools in the selected value chains; technical assistance and capacity building of BDS providers; formation of Farmer

Enterprise Groups (FEGs) in partnership with NGOs / RSPs; and matching-grants support to FEGs and associations.

Update: Significant progress was made during the quarter regarding development of Memorandum of Understanding (MoU) for entering into collaborative activities with training institutions for technical and managerial training. Scope of work and targets were planned for the formation of FEGs and associations for which expressions of interest were invited through a call advertisement in the news and ASF website. This is one of the major interventions of the project. ToRs for BDSPs developed, priorities identified and selection criteria for BDS providers has been developed

Intermediate Result 1.3: Improved Technological Innovations	
Performance Indicator 1.3.1:	Percent of project assisted beneficiaries using improved technological innovation and practices
Performance Indicator 1.3.2:	Percent increase in yield in project assisted value chains
Performance Indicator 1.3.3:	Percent reduction in dairy, horticulture and fisheries post harvest losses
Performance Indicator 1.3.4:	Percent of farms/farmers have access to quality /effective off-farm storage/cold-chain, processing and export markets for their products

Status: As of December 31st, 2011, preparatory steps were made to plan for achievement against all the above indicators.

Scope: This intermediate result focuses on increasing agricultural efficiency and productivity through adoption of new on-farm and off-farm techniques and technological innovation among targeted beneficiaries. While all of the afore-mentioned activities, particularly KFS, FEGs and Technical Trainings, will also contribute towards achievement of this objective, the Project will also provide focused matching-grants support to farmers and enterprises to support investment in adoption of new techniques and technical innovation in production, processing and marketing.

Update: The framework proposal will be developed for the KFS which is one of the major component of the project. The KFS approach is being internally discussed to make it more objective and distinct with regard to the objectivity of the approach and to make it more effective concerning creation of employment opportunities and income by facilitating access of small holders to formal value chains. Regions have developed and submitted technical proposals and concept papers of different technological innovations (e.g. solar dryers for date processing, chillers for dairy and breed improvement through Artificial Insemination techniques etc.)

4 FINANCIAL PROGRESS

The financial progress during the quarter is given in Table 3 .

Table 3 : Financial Progress During the Quarter ending 31st March 2012

Accounts Head	Financial Progress	
	Nov-Dec 2011	Jan-Mar 2012
Salary, Wages & STTA	86,200	342,708
Fringe Benefits	17,203	29,743
Travel	5,921	30,173
Equipment		-
Supplies		153,526
Communication		6,885
Security Cost		2,920
Training		225

Sub-Contracts		-
Sub-Grants		-
Others Direct Costs	20,718	216,485
TOTAL	130,042	782,664

During the next quarter, an estimated

5 PROBLEMS AND OPPORTUNITIES

Owing to the diversity of the agribusiness sector, focusing will be required with regard to selection of value chains and clusters which warrants systematic appraisals and assessments. The PRHA/PRLA and baseline studies are expected to contribute substantially to the identification of priorities within the target regions for better focusing and wider impacts through integrated approach. The project has also realized the importance of priority setting in all its major interventions and therefore is currently developing a mechanism to assess priorities for its major interventions.

The volatile security situation in some of the project areas such as Quetta, Gilgit-Baltistan, and DI Khan may hamper the timely implementation of the activities and achieving results. Mitigation measures are being undertaken by the project to deal with potential risks.

The timely completion of EA is important to allow for the implementation of most activities in the field. The SOW for the EA is with USAID for approval. Once approved, CNFA will mobilize the consultant's team to undertake field studies. The project in coordination with CNFA is planning to initiate the study as soon as EA SoW is approved.

6 CHANGES IN PLANNED ACTIVITIES

No major activity changes were made during the quarter except the inclusion of a regional office in Lahore in addition to the existing 8 regional offices as per the suggestion of AOR.

7 NEXT QUARTER RESULTS AND RELATED TASKS

Activities planned for the next quarter include the following;

1. **Staffing and establishing offices;** during the next quarter hiring of remaining staff, office establishment and furnishing activities will continue;
2. **Grant appraisal manual:** the grant manual is currently under review by USAID which is expected to be approved. Once approved, the grant manual will be used as a guiding document for the appraisal and award of grants;
3. **Contract for Technical Assistance:** technical assistance is already approved for the developing scope of work and request for proposal for the market linkages program and undertaking global competitiveness benchmarking of agribusiness sector. The consultant will complete the steps of engaging international firm(s) for the provision of services concerning market linkages development;
4. **Rapid participatory horticultural/livestock appraisal:** it is planned that preparatory activities including participatory horticultural/livestock appraisal, and baseline studies will be conducted in the next quarter covering all regions;
5. **Training in market development and value chain analysis:** Training events are planned for the staff of project;

6. **Software development:** the development of integrated software has been initiated in the last quarter for automating grant, M&E, finance, HR functions of the project etc. Vendors will be finalized for the software development and it will be pilot tested in the next reporting quarter;
7. **Pilot projects:** priorities will be identified in the next quarter for pilot activities in various regions of the project notably around the concepts of screen houses for true to type fruit plants, commercial tissue culture and solar drying technologies;
8. **Project launch workshops:** formal launch of project will be made in at least 2 target regions of the project.
9. **Farmer Enterprise Groups (FEGs) formation:** implementation plan and scope of work will be finalized in the form of RFA in the next quarter and shared with existing and potential partners of the project relevant to this sub-component
10. **GlobalGAP training:** Four train-the-public trainer events will be organized in the next reporting quarter in collaboration with GlobalGAP secretariat, Germany;
11. **Technical and Managerial training:** Six training events will be organized on priority themes in collaboration with partner educational institutions for the agribusiness stakeholders;
12. **Kisan Field School (FEGs):** Conceptual proposal and implementation plan will be developed and approved in the next quarter for KFS in pilot clusters.

8 ANNEXURE-1: SUMMARY PERFORMANCE MONITORING REPORT

Strategic Assistance Objective: Improved Condition for broad-based growth

Performance indicators	Project Targets (Five Years Cumulative) 10 th November 2011 – 09 th November 2016	Project start-up 1 st January – 31 st March 2012
IR-1: Increased income generating opportunities	1.3 million person years	130 person years
	20% increase in the income of beneficiaries	Preparatory activities are being implemented
SIR-1.1: Competitiveness of Horticulture & Livestock value chains increased	20% increase in sales to domestic market – USAID assisted value chains	Preparatory activities are being implemented
	20% increase in sales to international market– USAID assisted value chains	Preparatory activities are being implemented
	40% increase in sales –USAID assisted beneficiaries in value chains	Preparatory activities are being implemented
SIR-1.1.1: Strengthened market linkages in selected value chains	40% increase in sales-domestic/international market	Preparatory activities are being implemented
	20% increase in value added of selected value chains-domestic/ international marketing	Preparatory activities are being implemented
	10 formal agreement negotiated between buyers and sellers	Preparatory activities are being implemented
S-IR 1.1.2: Strengthened capacity of smallholders, farmer enterprises	700 FEGs formed, trained and registered with RSPs/NGOs	Preparatory activities are being implemented
	80 of assisted Farmer Associations become registered as enterprises/cooperatives	Preparatory activities are being implemented
	100 cost-sharing grants received by FEGs/FEGs associations	Preparatory activities are being implemented
	50% having formal contracts for input supplies/produce sales/service acquisitions	Preparatory activities are being implemented
	30% of assisted women's producer groups have formal marketing contracts with buyers/input suppliers/service providers	Preparatory activities are being implemented

	Approximately 315,000 small holders benefiting from formal agreements with buyers	Preparatory activities are being implemented
S-IR 1.1.3: Improved technological innovation	70% of beneficiaries using improved technology and practices	Preparatory activities are being implemented
	20% increase in yields in project -assisted value chains	Preparatory activities are being implemented
	60% reduction in post-harvest losses in the case of beneficiaries within the horticulture and livestock sub-sectors	Preparatory activities are being implemented
	30% of cold storage capacity/processing capacity up-graded in project assisted beneficiaries within the target value chains	Preparatory activities are being implemented